

What is the maximum interest rate a government entity can pass through to recipients (housing developers, property owners) of HELP loan funds?

CalHFA prefers to see a rate of 3% or less, but will consider a higher rate on a competitive basis with other applications.

Are affordability restrictions required for a housing activity that is assisted with HELP loan funds?

Yes, a local government entity is required to establish the affordability requirements or restrictions for a project and maintain them for a minimum of ten years.

How often may a local governmental entity apply for HELP Program funding?

A local government entity is eligible to apply for **HELP** funds once in each CalHFA fiscal year and can apply for a previous (limited to a total of two fund awards) or new housing activity in future years. The local government entity's performance on past and current loans will be taken into consideration in the awarding of funds for future housing activities.

How long does it take to receive a draw of HELP funds once a request has been submitted?

Generally it takes ten days or less to receive a check or wired funds.

EXAMPLES OF LOCALITY PROGRAMS:

City 1 - Acquisition and Rehabilitation Program

The goal of the program implemented by City 1 is to target the rehabilitation and reconstruction of existing rental units and for-sale housing within a redevelopment district. The completed units will be made available to employees working within the area that have incomes between 50% and 100% of AMI.

The City was recently designated as a targeted tax area (similar to an enterprise zone). This designation provides State tax credits to employers within the tax area (redevelopment district, in this case) that hire employees who reside within the same area. The tax credit to the employer is approximately \$27,000 per year and declines

over the next three years, per employee. The City actively advertises the tax credit to promote the jobs/housing balance within its community.

The **HELP** funds are loaned to developers at a 3% interest rate and are being used for the acquisition and rehabilitation of approximately 74 residential properties identified by the City as eligible for assistance. These funds are being leveraged with Redevelopment and HOME funds.

City 2 - Revolving Loan Fund for Predevelopment and Construction

City 2 has undertaken the task of increasing its housing stock by developing a Master Planned Community situated on 303 acres of land that was previously zoned for light industrial/commercial businesses. The project is located in one of the City's redevelopment areas and is adjacent to a relatively new sports stadium. Development over a 20 to 30 year period will include residential housing, parks scattered throughout the community, a public school, retail businesses, a college campus extension, and commercial/industrial areas. It is anticipated that this massive project will create over 31,000 new permanent jobs.

The **HELP** funds are being used as a revolving loan fund and will be loaned to developers for an average interest rate of 3% to finance predevelopment expenses for approximately 1,700 affordable residential units, from a total of 6,090 units that are to be developed. These funds are being leveraged with bond, Redevelopment, Federal, and non-Agency funds.

For questions regarding the HELP Program contact CalHFA's Special Lending Division at 916.323.8232.

California Housing Finance Agency

Created in 1975, the California Housing Finance Agency provides below market interest rate financing of affordable single family (owner-occupied) and multifamily (rental) housing.

CalHFA Headquarters
1121 L Street, 7th Floor
Sacramento, CA 95814
800.789.2432

www.calhfa.ca.gov



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**The Help Program:
Housing Enabled by
Local Partnerships**

CalHFA
Affordable Housing is our Business

THE HELP PROGRAM

The goal of the **HELP** Program is to provide affordable housing opportunities through program partnerships with local government entities, consistent with their affordable housing priorities. By making low interest rate loans directly to local government entities, CalHFA facilitates greater flexibility in the local design of affordable housing activities and fosters partnerships between the public and private sectors.

In 1998, CalHFA established a goal to commit \$100 million of **HELP** Program funds over a five-year period. Since meeting that goal in 2003, CalHFA has maintained a continuing commitment to provide two \$10 million funding cycles (Fall and Spring) for each fiscal year. Program funding availability announcements are disseminated to local government entities statewide.

PROGRAM PARAMETERS

Affordable Housing -- HELP Program funds must be used to directly provide affordable housing units. Housing units must be affordable for at least 10 years, with "affordable" being defined in the context of the unmet housing needs and priorities of the locality. **HELP** Program funds may not be used for technical assistance or administrative costs.

Local Government Involvement -- Local government entities (defined as city and county housing-related divisions and agencies, and redevelopment agencies) must have a direct involvement with their programs. Local government entity involvement can include financial contributions of Federal, State and locality program funds, and contributions such as land write-downs, fee waivers, density bonuses, local agency program staffing and administration, and other similar benefits.

Unmet Affordable Housing Needs -- HELP Program funds are intended for use by local government entities for unmet affordable housing needs as determined by each participating locality. Local government entities must demonstrate how the local priority was established and approved. Commonly, priorities are stated in Housing Elements, Consolidated Plans, or other documented housing plans. Activities that are

eligible under the **HELP** Program to facilitate affordable single family and multifamily programs administered by local government entities include acquisition, rehabilitation, infill, predevelopment, development, construction, code enforcement and other housing-related development and revitalization efforts.

Loan Conditions and Repayment -- HELP funds are available to a local government entity as an unsecured loan from CalHFA for up to 10 years at 3% simple interest per year, and carry minimal restrictions and conditions. Repayment in full is required no later than 10 years from the date a loan agreement is executed.

Loan-to-Lender Format -- Under this format, the local government entity contracts to repay CalHFA and relends or otherwise uses the funds for its stated purposes. The local government entity is not required to provide property or other resources as collateral.

GENERAL CONSIDERATIONS FOR PROGRAM DESIGN

Proposal Limitations -- Proposals are limited to no more than \$2,000,000 per proposal. In addition, applicants are limited to one approved proposal in each fiscal year (July 1-June 30).

Evaluation Criteria -- Proposals will be ranked on a competitive basis, using the following criteria:

■ **extent to which assisted units are affordable** (term, depth, amount, etc.)

■ **efficiency of program costs** (interest rate, administrative and staffing costs, etc.) **NOTE:** If the **HELP** Program funds are intended to be reloaned by the local government entity to its program participant(s), then the interest rate on the reloaned funds should be as low as practical to provide the maximum benefit to the assisted households

■ **maximization of benefit** (number of units, **HELP** funds per unit, number of persons to benefit, etc.)

■ **implementation readiness** (local agency experience with type of housing activity, staffing and administrative capacity, local agency financial capacity, site control, local programs in place, drafted implementation plan, market and risk analyses, other financing sources in place, local government authority to proceed)

■ **relative resource impact in directly achieving program objectives** (the locality's relative ability to contribute funds, staffing, administration and in-kind services; the depth of leveraging provided)

■ **comprehensiveness of design** (physical design and incorporation of the housing into the community; a **resident support structure** that potentially includes community building, participatory management or governance, personal enrichment direct support services, linkages to local support services, etc.)

Documented Housing Plans -- Proposals must include documented housing plans demonstrating that the proposed housing activity described in the application has been identified as a local housing priority. Eligible documented housing plans include Housing Elements, Consolidated Plans, redevelopment plans, regional revenue sharing or set-aside plans, or other general housing plans that the locality's governing board has ratified. Applications must also include evidence that a plan has been approved.

CalHFA will give preference to applications from local government entities whose Housing Elements have been approved by the State Department of Housing and Community Development pursuant to the requirements of Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code.

Federal, State, and Local Requirements -- Federal, State or local government requirements may apply in this process depending on the nature and structure of the local program. These requirements may include Davis-Bacon and/or State Prevailing Wages and compliance with Article 34 of the California State Constitution.

If the applicant is a city or county rather than a separate legal entity such as a redevelopment agency or housing authority, the applicant must comply with the requirements of Article 16, Section 18 (public finance indebtedness limitation), of the California State Constitution.

Equitable Distribution of Funds -- One of CalHFA's goals is to ensure an equitable distribution of **HELP** funds throughout California. The **HELP** Program staff will use equitable distribution as a factor in the application ranking process to the extent necessary to achieve this goal.

FREQUENTLY ASKED QUESTIONS

Q ***Is the HELP application very detailed?***

A No, it is a streamlined application that requires applicant information, proposal information in the form of an executive summary of no more than two pages in length, a resolution from the local government entity's governing body authorizing its participation, and a limited amount of other pertinent documentation. There are no forms to complete.

Q ***How long does it take a local government entity to receive approval for a housing activity under the HELP Program?***

A The application review and approval process takes approximately eight weeks from the application due date.

Q ***Does the HELP loan have to be secured by property?***

A No, the **HELP** loan generally does not require collateral or security. Using a loan-to-lender approach, the local government entity must agree to repay the loan as stated in the executed **HELP** loan agreement.

Q ***Does CalHFA staff perform a financial analysis of projects included in the proposed housing activities?***

A No, however, the local government entity should fully evaluate each project for liability risk.

Q ***Does CalHFA staff perform an architectural review of projects included in the proposed housing activities?***

A No, the local government entity must ensure that the appropriate design reviews have been completed for a proposed project.